



No. 8

January 16, 2003

H.J. Res. 2 – Omnibus Appropriations Bill, FY2003: Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriations

Calendar No. 1

H.J. Res. 2 was passed by the House on January 8, 2003, and is now pending before the Senate. The bill is serving as the vehicle for all 11 remaining appropriation measures for FY2003.

NOTEWORTHY

Note: The funding bills are before the Senate with no written reports. All information contained in this Notice comes from the Appropriations Committee as conveyed to us on or before 1/15/03.

- The Labor-HHS-Education funding bill language was offered as a substitute (along with the language of the other 10 yet-unsigned funding bills) to H.J.Res. 2. The bill is amendable, and Senators Kennedy, Harkin and Lieberman may offer an amendment to increase education spending by \$7.7 billion over the FY02 amount. Also, the substitute includes two provisions to temporarily adjust physician and certain hospital payments (see page 6).
- On July 18, 2002, the Senate Appropriations Committee reported out S. 2766, the Department of Labor, HHS, and Education Appropriations for FY03, but the bill was never brought before the full Senate prior to adjournment sine die. The House Appropriations Committee did not report a bill. Since the start of the new fiscal year last October, all Labor, HHS and Education programs have been funded under a series of continuing resolutions, the most recent of which will expire on January 31, 2003.
- The 11 remaining FY03 appropriations bills (only Defense and Military Construction were signed) will come before the Senate with smaller funding levels than were in the bills as reported by the Appropriations Committee last year. This is to comport the total FY03 federal discretionary spending level to \$750.5 billion, the level agreed to by President Bush and Congressional appropriators last year. (The Defense and Mil Con bills amount to \$365.3 billion of that total.)
- The Labor-HHS-Education appropriation bill language for FY03 provides a total of \$430.1 billion in budget authority, an increase of \$17.9 billion over the FY02 appropriation.

HIGHLIGHTS

- **Discretionary spending:** The Committee, in consultation with the Congressional Budget Office, estimates that the bill provides \$131.4 billion in discretionary budget authority. This is an increase of \$3.7 billion over the comparable level for FY02.
- **Riders:** The bill continues to prohibit federal funding of abortions except in the cases of rape, incest, or when the mother's life is threatened. In addition, the measure allows federal funding to be used for embryonic stem cell research under certain circumstances.

BACKGROUND

Of the 13 federal appropriations measures, the Labor, HHS and Education and Related Agencies bill is the single, largest source of discretionary funds for domestic federal programs.¹ It constitutes over 300 programs, spanning three federal Departments and numerous related agencies. The bill provides a range of funding from basic education and job skills training to health care and early childhood development programs. In addition, it includes new resources for anti-bioterrorism initiatives, disease control and prevention, and home energy assistance for low-income persons.

BILL PROVISIONS

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Title I — Department of Labor

¹Appropriations for FY2003: Labor, Health and Human Services, and Education, Report for Congress. Congressional Research Service. January 7, 2003.

Training and Employment – The bill recommends \$10.8 billion for training and employment services, including \$1.38 billion for **dislocated worker assistance**.

Workforce Investment Act Adult Training grants to states – The bill recommends \$900 million for adult training, equal to the President's request. In FY02 the grants were allocated \$950 million.

Job Corps – The bill recommends \$1.5 billion for the Job Corps program, an increase over the FY02 funding level, which was \$1.46 billion.

Veterans Employment and Training – The bill recommends \$218 million, an increase of \$5 million over FY02.

Title II — Department of Health and Human Services

The bill recommends \$319.1 billion for the Department of Health and Human Services funding, of which \$60.7 billion is discretionary.

Bioterrorism – The bill recommends \$3.74 billion for activities responding to bioterrorism, an increase of \$906.9 million over FY02. The funding will help strengthen Federal, State, and local agencies and health departments to coordinate response efforts, stockpile appropriate pharmaceuticals, and build our public health infrastructure so that it may more quickly detect and more effectively respond to an act of bioterrorism.

NIH – The bill recommends \$27.16 billion for the National Institutes of Health, an increase of \$3.7 billion over FY02 appropriations. This increase completes a five-year goal by the Congress to double NIH funding by FY03.

Community Health Centers – The bill recommends \$1.53 billion, an increase of \$190 million over FY02.

Ryan White AIDS Programs – The bill recommends \$2.026 billion for these programs, an increase of \$115 million over FY02 appropriations.

Maternal and Child Health Block Grant – The bill recommends \$741.5 million, an increase of \$10 million over FY02 appropriations.

Health Professions – The bill recommends \$674 million to help address growing nursing and health workforce shortages, an increase of \$11 million over FY02 appropriations. The bill also recommends \$305 million for Title VII Health Professions, which helps target allied health recruitment efforts.

Children’s Hospitals Graduate Medical Education – The bill recommends \$285 million, an increase of \$33 million over FY02 appropriations.

Promoting Safe and Stable Families – The bill recommends \$505 million, an increase of \$130 million over FY02 appropriations.

LIHEAP State grants – The bill recommends \$1.7 billion for the Low-Income Home Energy Assistance Program, the same as FY02 appropriations.

Compassion Capital Fund – The bill recommends \$45 million, an increase of \$15 million over FY02 appropriations.

Mentoring Children of Prisoners – The bill recommends \$12.5 million, an increase of \$12.5 million over FY02 appropriations.

Healthy Communities Innovation Initiative – The bill recommends \$20 million for this new initiative.

Head Start – The bill recommends \$6.67 billion for the Head Start program, an increase of \$129.9 million over FY02 appropriations.

Substance Abuse Treatment – The bill recommends \$2.1 billion, an increase of \$78.6 million over FY02 appropriations.

CDC – The bill recommends \$4.39 billion for the Centers for Disease Control and Prevention, an increase of \$84 million over FY02 appropriations.

Abstinence Education – The bill recommends \$40 million, the same as the FY02 level.

Title III — Department of Education

The bill provides an increase in discretionary appropriations for the Department of Education, from \$49.94 billion to a program level of \$51.66 billion. The President requested \$50.31 billion.

Title I – The bill would provide \$11.35 billion for Title I grants to local education agencies. This amount is \$1 billion more than FY02 and meets the President’s budget request.

Teacher Quality – The bill recommends \$2.85 billion for State grants for improving teacher quality, the same as last year’s funding and the President’s budget request.

Voluntary Public School Choice – The bill would provide \$27.58 million for the public school choice program, as authorized by the Leave No Child Behind Act.

Special Education State Grants – The bill would provide a \$1 billion increase over last year for part B State grants for special education, from a program level of \$7.5 billion to \$8.5 billion. This increase was requested by the President.

Pell Grants – The Pell Grant maximum grant would be raised to \$4,100, an increase of \$100. Total funding is \$11.8 billion, an increase of \$866 million over last year’s funding.

21st Century Community Learning Centers – The bill includes \$1 billion, equivalent to last year’s funding and the President’s request.

Federal TRIO Programs – The bill would provide a \$30-million increase in funding, bringing the funding level to \$832.5 billion. In FY02, TRIO received \$802.5 million. The program provides assistance to more than 800,000 disadvantaged students to help assure they succeed in their post-secondary education efforts.

Charter Schools – The bill provides level funding for charter schools – \$200 million.

Reading First – The bill provides a \$100 million increase for the Reading First Program, from a FY02 level of \$975 million to \$1.075 billion, equal to the President’s request.

Literacy Through School Libraries – The bill provides a \$2.5 million increase for this No Child Left Behind Act program, allocating \$15 million for FY03. In FY02, the program received \$12.5 million and the President had requested level funding.

Rural Education – The bill provides \$175 million to help rural school districts meet the goals of the No Child Left Behind Act, an increased of \$12.5 million over last year.

Educational Technology – The bill provides \$787 million for programs that help school districts acquire and more effectively use educational technology, an increase of \$2 million over last year.

Title IV — Related Agencies

Corporation for Public Broadcasting – The bill approved an advance appropriation for FY2005 of \$395 million. Previously, \$365 million was enacted for FY03 and \$380 million for FY2004. The Bill would provide \$48.7 million for the conversion of public broadcasting to the digital format.

Domestic Volunteer Service Programs (DVS) – The bill increases funding for the DVS by \$22 million – from \$329 in FY02 to \$351 million. DVS encompasses the Volunteers in Service to America (VISTA) program and the Senior Corps, including the Retired and Senior Volunteer Program (RSVP), the Foster Grandparent Program, the Senior Companion Program, and the Senior Demonstration Program.

General Provisions

The bill includes two provisions to temporarily adjust physician and certain hospital payments. The Centers for Medicare and Medicaid Services recently announced that physician Medicare payments will be reduced by 4.4 percent in 2003. Physician payments were reduced by 5.4 percent in 2002; and if Congress does not act, payment rates are projected to be reduced annually until 2005.

The language contains a stop-gap measure to pay physicians at Calendar Year (CY) 2002 rates, beginning March 1, 2003, and remaining in effect until September 30, 2003. In addition, the measure increases base payments for rural or smaller metropolitan hospitals starting April 1, 2003, and remaining in

effect until September 30, 2003. The base payment is used in calculating hospital inpatient rates. Currently, hospitals in large urban areas (MSAs with more than 1 million in population) receive a payment amount of \$4,251 for FY03. By contrast, hospitals located in rural and smaller metropolitan areas receive a base payment amount of \$4,183.

The Congressional Budget Office (CBO) estimates that both provisions will cost a total of \$1.2 billion during the period.

POSSIBLE AMENDMENTS

Senators Kennedy, Harkin and Lieberman may offer an amendment to increase education spending by \$7.7 billion over the FY02 amount. The amendment would increase funding for Pell Grants and Title I. The bill before the Senate raises spending on Title I and IDEA by \$1 billion each, and raises individual Pell grant awards to \$4,100.

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